

Message Text

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13

ACTION FS-01

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R 130905Z DEC 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9124

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FOR BF/FS AND TREASURY DEPT.

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: RECOUPMENT OF U.S. DOLLARS

REF: MANILA 14514

FOLWG TEL SENT CINCPACREP PHIL SUBIC BAY 27 SEPTEMBER 1974

REPEATED FOR DEPTS ACTION

QUOTE

REF: A) CINCPACREP PHIL 090610Z SEP 74; B) 090612Z SEP 74

EMBASSY HAS HAD PRELIMINARY DISCUSSION WITH CENTRAL BANK REGARDING SALE BY BANK OF U.S. CURRENCY AND COINS TO MILITARY DISBURSING OFFICERS AT U.S. BASES IN THE PHILIPPINES. AS ANTICIPATED BANK'S INITIAL REACTION WAS FAVORABLE. NEXT STEP WILL BE TO SUBMIT FORMAL PROPOSAL TO BANK SETTING FORTH MAJOR FEATURES OF ARRANGEMENT. CINCPACREP PHIL COMMENTS AND CLEARANCE ON FOLLOWING DRAFT LETTER TO ACTING GOVERNOR BRINAS OF PHILIPPINE CENTRAL BANK ARE REQUESTED:

"DEAR GOVERNOR BRINAS:

U.S. PERSONNEL AT CLARK AIR BASE, SUBIC NAVAL BASE AND OTHER U.S. MILITARY INSTALLATIONS IN THE PHILIPPINES ARE REQUIRED TO
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USE U.S. CURRENCY FOR TRANSACTIONS AT

EXCHANGES, CLUBS AND OTHER BASE FACILITIES. BECAUSE OF THIS REQUIREMENT U.S. MILITARY DISBURSING OFFICERS MUST BE ABLE TO PROVIDE U.S. CURRENCY IN PAYMENT OF SALARIES AND WAGES AND THROUGH EXCHANGE TRANSACTIONS TO QUALIFIED PERSONNEL. TO MEET THESE DOLLAR CURRENCY AND COIN NEEDS THE MILITARY AUTHORITIES HAVE A SUPPLY SYSTEM THROUGH WHICH MILITARY DISBURSING OFFICERS CAN OBTAIN ADEQUATE AMOUNTS OF CURRENCY IN GOOD CONDITION AND IN DESIRED DENOMINATIONS. THESE AUTHORITIES WOULD LIKE TO KEEP THE FLOW THROUGH THEIR SUPPLY SYSTEM AS SMALL AS POSSIBLE AND HAVE ASKED WHETHER SOME PORTION OF THEIR CURRENCY AND COIN NEEDS COULD BE MET THROUGH THE PHILIPPINE MONETARY SYSTEM.

ON THE BASIS OF PRELIMINARY DISCUSSIONS BETWEEN MR. ANGEVINE OF THE EMBASSY AND MR. CRUZ OF THE CENTRAL BANK, IT APPEARS THAT THE CENTRAL BANK WOULD BE ABLE TO SUPPLY SOME OF THE DOLLAR CURRENCY AND COINS NEEDED BY THE BASES. I WOULD LIKE AT THIS TIME TO PROPOSE TO YOU THE FOLLOWING ARRANGEMENTS: (A) NOTIFICATION TO THE FOREIGN EXCHANGE DEPARTMENT OF THE CENTRAL BANK BY THE REGIONAL DISBURSING OFFICER OF THE DENOMINATIONS OF U.S. CURRENCY AND COINS REQUIRED BY MILITARY DISBURSING OFFICERS, (B) DELIVERY OF THE REQUESTED CURRENCY AND COINS BY THE CENTRAL BANK TO THE INDICATED U.S. MILITARY BANCING FACILITY AT CLARK AIR BASE OR SUBIC NAVAL BASE FOR DEPOSIT TO THE ACCOUNT OF THE REQUESTING MILITARY DISBURSING OFFICERS, (C) VERIFICATION BY THE MILITARY BANKING FACILITY OF THE CURRENCY COUNT AND QUALITY FOR WHICH THE FACILITY WOULD CHARGE A FEE OF 0.0015 OF THE AMOUNT SUPPLIED AND (D) PAYMENT THROUGH TELEGRAPHIC CREDIT TO THE CENTRAL BANK'S ACCOUNT WITH THE LIMITED OFFICIAL USE

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FEDERAL RESERVE BANK OF NEW YORK FOR THE AMOUNT OF CURRENCY SUPPLIED MINUS THE VERIFICATION FEE BY THE REGIONAL DISBURSING OFFICER ON BEHALF OF THE REQUESTING MILITARY DISBURSING OFFICER WITHIN TWO WORKING DAYS OF DELIVERY.

IF THESE PROPOSED ARRANGMENTS ARE SATISFACTORY TO THE CENTRAL BANK, PLEASE

INFORM ME, AND I WILL NOTIFY THE U.S.
MILITARY AUTHORITIES.

BEST REGARDS,
SINCERELY,

TERRELL E.ARNOLD
COUNSELOR FOR ECONOMIC
AND COMMERCIAL AFFAIRS"

SULLIVAN
UNQUOTE
ARNOLD

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Message Attributes

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